

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6319

BILL NUMBER: HB 1248

DATE PREPARED: Feb 22, 2001

BILL AMENDED: Feb 21, 2001

SUBJECT: Tort Claims Against Governmental Entities.

FISCAL ANALYST: John Parkey

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill increases the combined aggregate liability of all governmental entities and public employees under the law concerning tort claims against governmental entities and public employees from \$300,000 to \$700,000 for injury to or death of one person in any one occurrence. The bill increases the claim limits for policies provided to participating political subdivisions by the Political Subdivision Risk Management Commission from \$300,000 to \$700,000 for injuries, death, or damage suffered by any one person.

Effective Date: January 1, 2002.

Explanation of State Expenditures: (Revised) This bill will potentially increase the damage awards that governmental entities would pay as a result of successful lawsuits filed against the state and political subdivisions of the state and public employees. Under current law, damage awards cannot exceed \$300,000 for the injury to, or death of, one person in any one occurrence. This bill will increase the damage award limit to \$700,000.

The Office of the Attorney General reports the amount of damages paid as a result of tort claims submitted and tort claim lawsuits filed against the State and by plaintiffs in tort and civil rights litigation between CY 1995 and CY 1999 as follows:

| <u>CY</u> | <u>Damages Paid</u> |
|-----------|---------------------|
| 1999 | \$ 5,052,346 |
| 1998 | \$ 2,935,075 |
| 1997 | \$ 3,438,230 |
| 1996 | \$ 5,742,977 |
| 1995 | \$ 6,362,071 |

The amount paid includes tort claims paid at the time of claim submission, settlements upon the filing of lawsuits, and as a result of a court order. It also includes cases in both federal and state court.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) This bill could increase the damage awards that local entities would be required to pay as a result of a successful lawsuit. Under current law, damage awards cannot exceed \$300,000 for the injury to, or death of, one person in any one occurrence. This bill will raise the maximum award for the injury or death to one person from \$300,000 to \$700,000. This increase also applies to claims from political subdivisions participating in the Political Subdivision Risk Management Commission

Explanation of Local Revenues:

State Agencies Affected: Office of the Attorney General.

Local Agencies Affected: Counties, cities, and towns.

Information Sources: Dan Dovenbarger, Office of the Attorney General, (317) 232-6201.